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2. Purchase by the government through the China Cotton-Yarn and Cloth Corporation, in accordance with Article 1, should be at prices based on costs and including a reasonable profit to the mills.

3. Publicly or privately operated cotton mills, when receiving processing, spinning, or weaving orders from the China Cotton-Yarn and Cloth Corporation, should recommend an appropriate fee.

4. Yarn and cloth produced by all cotton mills should comply with the standards prescribed by the China Cotton-Yarn and Cloth Corporation. Quality must not be lowered.

5. To arrive at reasonable prices and fees, consultations are to be held under the sponsorship of the local Bureau of Industry and Commerce with participation of the Association of Industry and Commerce, the trade unions, the China Cotton-Yarn and Cloth Corporation, and the cotton mills. Their proposals are subject to approval by the Ministry of Trade of the Central People's government.

6. The Ministry of Trade of the Central People's government should set up measures dealing with marketing and production of cotton yarn on the basis of actual conditions of production and demand.

7. The various local people's governments should bear responsibility for control over the cotton-yarn market, restriction of speculation and hoarding, and assisting the Chinese Cotton-Yarn and Cloth Corporation to carry out effective marketing and distribution. When necessary, the China Cotton-Yarn and Cloth Corporation may set up retail outlets.

FIX PRICES ON COTTON YARN AND CLOTH -- Hankow, Ch'ang-chiang Jih-pao, 5 Jan 51

Following the directive issued by the Financial and Economic Committee of the Government Administration Council of the Central People's government, all prices of cotton yarn and cloth in the Central and South China Region, beginning on January 1951, are placed under government control. Prices are fixed at a reasonable level, based on costs and profits.

The following are prices of items in various cities and provinces as of 4 January 1951:

Hankow -- Red Lion Globe Brand 20's yarn, 6,600,000 [yuan] per bale; Dragon Head Brand cotton cloth, 268,000 [yuan] per bolt.

Sha-shih -- Ching-chou 20's yarn, 6,550,000 [yuan] per bale; Dragon Head Brand cotton cloth, 284,000 [yuan] per bolt.

Ch'ang-sha -- Red Lion Globe Brand 20's cotton yarn, 6,850,000 [yuan] per bale; Dragon Head Brand cotton cloth, 271,000 [yuan] per bolt.

Canton -- Blue Phoenix Brand cotton cloth, 272,000 [yuan] per bolt.

Other types of cloth, as well as cloth and yarn in other Central and South areas, are priced on the same basis under the price regulations.

COTTON MARKET STABILIZED IN SHANGHAI -- Peiping, Jen-min Jih-pao, 15 Jan 51

Since 10 January 1951 over 20 textile companies in the Shanghai area have requested the East China Cotton-Yarn and Cloth Corporation for permission to sell cotton yarn and cloth. They have sold a total of 2,124 bales of cotton yarn and 30,430 bolts of cotton cloth. As a result of all these transactions, the cotton market in Shanghai has been stabilized.

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GOVERNMENT CONTROL DETRIMENTAL TO CANTON COTTON INDUSTRY -- Hong Kong, Kung-shang Jih-pao, 13 Feb 51

Since the Central People's government has controlled cotton spinning and the buying and selling of native cotton-cloth, output of the cotton-textile industry of Canton has decreased daily, because of the restrictions of the government and weakened buying power of the public. At the same time, each factory is forced to carry the burden of assessed enterprise taxes. Therefore, there is no other recourse than to shorten operating hours and drastically curtail all expenditures. At the end of last year, every factory had to advance its date for shutting down, and only one or two out of 12 have returned to operation by now. The Textile Workers' Union has brought the matter before the Commerce and Industry Bureau because of the effect on the livelihood of the workers, and each factory has received orders that it is to return to operation by 15 February 1951 or be taken over by the Central People's government. All the factories and businesses in operation last year suffered losses and applied for permission to go bankrupt. Not only were their petitions not granted, but they were faced with the possibility of being liquidated by the Central People's government, so they all decided to continue with 6 operating hours daily. According to talks with textile merchants, the city's cotton-textile business is duller than has been seen in this province in several years.

COTTON TURNOVER BEHIND SCHEDULE -- Peiping, Jen-min Jih-pao, 21 Jan 51

Purchases and tax collection of cotton for the government in the Northeast by that state's Cotton-Yarn and Cloth Corporation had reached only 77.5 percent of the 1950 quota at the end of 1950. Local cooperatives assisted greatly in the purchasing and tax collection of cotton. Though the quality of cotton is definitely higher than that of 1949, it is still below the standard required by the cotton mills.

PUSH COTTON CULTIVATION IN NORTHEAST -- Peiping, Jen-min Jih-pao, 21 Jan 51

Farmers in Liaotung Province and the Dairen-Port Arthur area are busily planning to increase their acreage of cotton. In the Hsi-hai district of Kai-p'ing Hsien, for instance, 4,000 mou of cotton were planted last year, as compared to 14,500 mou this year. Shih-san-li Village, near Dairen, plans to increase cotton cultivation to 2,800 mou, which is three times as much as that of last year. Many farmers devote all their lands to planting cotton, hemp, peanuts, and other profitable crops. Local hsien and provincial governments are endeavoring to assist the farmers in solving many technical problems. The farmers are encouraged to plant cotton and hemp by the reasonable, high prices paid by the government.

COTTON CULTIVATION PUSHED IN LIAOSI -- Peiping, Jen-min Jih-pao, 25 Jan 51

With the encouragement and help of the Provincial People's government, the acreage of cotton cultivation reached 121,000 shang [one shang equals 7 mou], in Liaosi Province during 1950. The farmers want to devote even more acreage to cotton cultivation because it is a profitable crop. The People's government has planned to increase cotton acreage by 80,000 shang in 1951. At present, the provincial agriculture department's cotton-yarn and textile mills, cooperatives, transportation companies, etc., are all working to provide the necessary cotton seeds for the farmers.

FACTORY LEADERS TRY TO DISCOURAGE COTTON DELIVERIES -- Peiping, Jen-min Jih-pao, 17 Jan 51

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BARTER SYSTEM SET UP TO ENCOURAGE COTTON DELIVERIES -- Peiping, Jen-min Jih-pao, 17 Jan 51

Food, grocery, oil, coal, hardware, salt, and other stores in Ting-hsien Special District, Hopeh Province, are collaborating with the Cotton-Yarn and Cloth Corporation in organizing a mutual exchange. The purpose is to furnish all the foodstuffs, cloth, coal, salt, and other daily necessities directly to the farmers in exchange for their cotton. After realizing the advantages offered them, the cotton farmers are very enthusiastic about such an arrangement.

The exchange work was initiated by the Cotton-Yarn and Cloth Corporation to secure all the cotton available. The corporation makes direct contracts with the other stores (food, grocery, salt, etc.). Price lists are furnished to the cotton corporation daily by the individual store. These are used to compute an equivalent price list showing the exchange rate between units of cotton and various items on sale. Exchange tickets are given to farmers to exchange for specific items at the contracted store upon delivery of cotton.

The cotton farmers in Ting-hsien Special District were able to exchange 25 million catties of cotton for necessary foods and goods in 1950. Prior to the exchange system, the Cotton-Yarn and Cloth Corporation was only able to purchase part of the available cotton. Also, food and other stores were unable to predict the exact volume of purchases by the farmers, thus resulting either in overstocking or understocking. Demand and supply equilibrium, as well as the farmer's faith in cotton as a crop, was destroyed. The exchange system will help eliminate the problem of the withholding of cotton by the farmers and the uneven and sporadic distribution of goods needed by the farmers.

HOPEH FARMERS PAY TAXES IN COTTON -- Peiping, Jen-min Jih-pao, 27 Jan 51

After approval by the Hopeh Provincial People's government in the fall of 1950, allowing cotton to be used in tax-grain payments, the masses are very enthusiastic in paying cotton because they consider it more advantageous. The substitution is indeed fair since one catty of average-grade ginned cotton is equivalent to 3 catties and 5 taels of millet. The local cooperatives are in a good position to collect them. In 2 days Han-tan District and Ch'iu Hsien collected over 600,000 catties of ginned cotton. From September to early December, Han-tan, Wei-shui, Shih-chia-chuang, Pao-ting, Tientsin, and other special districts collected cotton 9.214 percent above their quotas.

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